

113TH CONGRESS  
1ST SESSION

# H. R. 2425

To amend title I of the Employee Retirement Income Security Act of 1974  
to provide protection for company-provided retiree health benefits.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 2013

Mr. TIERNEY (for himself, Mr. GEORGE MILLER of California, Mr. ANDREWS,  
and Mr. JONES) introduced the following bill; which was referred to the  
Committee on Education and the Workforce

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## A BILL

To amend title I of the Employee Retirement Income Security Act of 1974 to provide protection for company-provided retiree health benefits.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Earned Retiree  
5       Healthcare Benefits Protection Act of 2013”.

6       **SEC. 2. FINDINGS AND PURPOSES.**

7       (a) FINDINGS.—The Congress finds the following:

8           (1) Retired participants of group health plans  
9       regulated by the Employee Retirement Income Secu-

1       rity Act of 1974 (ERISA) have been severely  
2       harmed by the virtually unchecked practices of spon-  
3       sors of such plans involving the post-retirement can-  
4       cellation or reduction of earned health benefits con-  
5       trary to assurances retirees received prior to retire-  
6       ment that such benefits would be with them for life.

7               (2) Such widespread post-retirement reductions  
8       in retiree health benefits has led to a crisis in retiree  
9       health care in which retirees—

10               (A) have been unable to substitute indi-  
11       vidual coverage for the group coverage they  
12       lost, or, in order to obtain individual coverage,  
13       have jeopardized their economic security in re-  
14       tirement;

15               (B) because of preexisting medical condi-  
16       tions cannot obtain substitute coverage that  
17       they can afford without depleting their life sav-  
18       ings or have been unable to obtain adequate  
19       medical care or medical care they had relied on  
20       to deal with serious illness;

21               (C) have sustained catastrophic illnesses or  
22       injuries or otherwise experienced a marked de-  
23       terioration in their medical conditions or health  
24       as a result of post-retirement changes to their  
25       medical benefits;

1                             (D) have been transferred indiscriminately  
2                             into improperly or inadequately managed health  
3                             maintenance organizations or other managed  
4                             care entities, resulting in the worsening rather  
5                             than improvement of prior medical conditions;  
6                             and

7                             (E) in many instances, have failed to ob-  
8                             tain adequate relief in the courts due to highly  
9                             restrictive judicial interpretations which are in-  
10                            consistent with ERISA's underlying protective  
11                             purposes.

12                             (3) The crisis in retiree healthcare generated by  
13                             the plan sponsor practice of post-retirement can-  
14                             cellations or reductions of previously promised  
15                             earned retiree health benefits has led to a wide-  
16                             spread loss of confidence in the integrity of ERISA-  
17                             regulated group health plans and the ability of  
18                             ERISA itself to adequately protect retiree health  
19                             benefits.

20                             (4) A strong and dependable private sector re-  
21                             tiree health system is a necessary component to the  
22                             essential health of our Nation's senior citizens.

23                             (b) PURPOSES.—

24                             (1) IN GENERAL.—The purposes of this Act are  
25                             to ensure that the reasonable health benefit expecta-

1 tions of retirees from ERISA-regulated group health  
2 plans are fulfilled, to minimize the incidence of pro-  
3 longed legal disputes arising out of the post-retire-  
4 ment cancellation or reduction of earned retiree  
5 health benefits from such plans, and to prevent fur-  
6 ther adverse effects on retiree health arising from  
7 such post-retirement changes.

8 (2) FUTURE SAFEGUARDS AND ENFORCEABLE  
9 OBLIGATIONS.—To carry out the purposes described  
10 in paragraph (1):

11 (A) The provisions of this Act safeguard  
12 retired participants of group health plans sub-  
13 ject to ERISA from loss or reduction of their  
14 health benefits from such plans by barring plan  
15 sponsors from canceling or reducing such bene-  
16 fits after the dates such participants retire and  
17 when they no longer are able to absorb such  
18 losses or reductions without experiencing ad-  
19 verse effects on their health or finances.

20 (B) The provisions of this Act also estab-  
21 lish an enforceable obligation on the part of  
22 sponsors of such group health plans to restore  
23 health benefits previously taken away from re-  
24 tired participants of such plans to the extent  
25 such benefits were cancelled or altered after the

1           dates such participants retired. The obligation  
2           is limited to restoring healthcare benefits only  
3           back to specified levels, and the obligation does  
4           not apply if the plan sponsor would sustain sub-  
5           stantial business hardship by restoring such  
6           benefits.

7   **SEC. 3. RETIREE HEALTH BENEFIT PROTECTIONS IN**  
8           **GROUP HEALTH PLANS.**

9           (a) **IN GENERAL.**—Subtitle B of title I of the Em-  
10          ployee Retirement Income Security Act of 1974 is amend-  
11          ed by adding at the end the following new part:

12         **“PART 8—EMERGENCY RETIREE HEALTH**  
13                   **BENEFIT PROTECTIONS**

14         **“SEC. 801. PROHIBITION AGAINST POST-RETIREMENT RE-**  
15                   **DUCTIONS OF RETIREE HEALTH BENEFITS**  
16                   **BY GROUP HEALTH PLANS.**

17           “(a) **IN GENERAL.**—Notwithstanding that a group  
18          health plan described in subsection (b) may contain a pro-  
19          vision reserving the general power to amend or terminate  
20          the plan or a provision specifically authorizing the plan  
21          to make post-retirement reductions in retiree health bene-  
22          fits, the benefits provided to a retired participant or his  
23          or her beneficiary under the terms of the plan may not  
24          be reduced, whether through amendment or otherwise, if  
25          such reduction of benefits occurs after the date the partici-

1 part has retired for purposes of the plan and reduces ben-  
2 efits that were provided to the participant, or his or her  
3 beneficiary, as of the date the participant retired. Any  
4 group health plan provision which is purported to author-  
5 ize the reduction of benefits in a manner inconsistent with  
6 the preceding sentence shall be void as against public pol-  
7 icy.

8       “(b) GROUP HEALTH PLAN.—For purposes of this  
9 part, the term ‘group health plan’ has the same meaning  
10 as in section 607(1).

11       “(c) PROHIBITED REDUCTION OF BENEFITS.—For  
12 purposes of this part, any reference to a reduction of bene-  
13 fits shall be construed to be a reference to any amendment  
14 to a group health plan, or to any other action, which has  
15 the effect of—

16           “(1) canceling, decreasing, or limiting the  
17 amount, type, or form of any benefit or option pro-  
18 vided prior to the amendment or action;

19           “(2) imposing or increasing out-of-pocket costs  
20 that a retired participant, or his or her beneficiary,  
21 must pay in order for benefits that were provided  
22 under the plan to the participant or beneficiary prior  
23 to the amendment or action to be provided to the  
24 participant or beneficiary after the amendment or  
25 action; or

1           “(3) modifying the manner by which medical  
2       services are delivered under the plan so that after  
3       the amendment or action a retired participant, or  
4       his or her beneficiary, has less ready access to the  
5       delivery of any such medical services than the partic-  
6       ipant or beneficiary had prior to the amendment or  
7       action.

8       “(d) TREATMENT OF PLAN TERMINATION.—

9           “(1) IN GENERAL.—Subject to paragraph (2), a  
10      termination of a group health plan shall be treated  
11      as a reduction in benefits prohibited under sub-  
12      section (a) if, after the termination, the plan sponsor  
13      of the terminated plan fails to continue to provide  
14      to the participants who retired prior to the termi-  
15      nation and to their beneficiaries the same retiree  
16      health benefits that were provided prior to the termi-  
17      nation.

18       “(2) WAIVER.—Paragraph (1) shall not apply  
19      in the case of the termination of a group health plan  
20      if the Secretary issues a waiver under this para-  
21      graph in connection with such termination. The Sec-  
22      retary shall issue such a waiver if and only if the  
23      plan sponsor demonstrates to the satisfaction of the  
24      Secretary, in accordance with regulations prescribed  
25      by the Secretary, that such plan sponsor will be un-

1       able to continue in business unless such a waiver is  
2       issued.

3       **“SEC. 802. ADOPTION BY GROUP HEALTH PLANS OF PROVI-**  
4                   **SION BARRING POST-RETIREMENT REDUC-**  
5                   **TIONS IN RETIREE HEALTH BENEFITS.**

6       “Each group health plan which provides, as of the  
7       date of a participant’s retirement under the plan, benefits  
8       after such date with respect to such participant or his or  
9       her beneficiaries shall contain a provision which expressly  
10      bars any reduction in such benefits after such date, either  
11      under the terms of the plan or by any fiduciary of the  
12      plan.

13      **“SEC. 803. RESTORATION BY GROUP HEALTH PLANS OF**  
14                   **BENEFITS REDUCED AFTER RETIREMENT.**

15       “(a) IN GENERAL.—The plan sponsor of each group  
16       health plan shall provide, in accordance with this section,  
17       benefit restoration under this section to each retired par-  
18       ticipant that meets the following requirements:

19       “(1) The retired participant is entitled to ben-  
20       efit coverage under the plan as of the date of the en-  
21       actment of the Earned Retiree Healthcare Benefits  
22       Protection Act of 2013.

23       “(2) The participant retired under the plan be-  
24       fore the date of the enactment of such Act, and a  
25       reduction in benefits, with respect to any benefit or

1       option provided to the retired participant under the  
2       plan as of the date the participant retired, took ef-  
3       fect after the participant's date of retirement and  
4       before the date of the enactment of such Act.

5               “(3) The retired participant has elected to re-  
6       store benefits under the plan within the restoration  
7       period prescribed pursuant to subsection (b) and in  
8       accordance with such procedures as may be estab-  
9       lished under the plan pursuant to regulations of the  
10      Secretary.

11          “(b) RESTORATION PERIOD.—For purposes of this  
12       section, the term ‘restoration period’ means a period which  
13       shall be prescribed by the Secretary and which—

14               “(1) begins not later than 1 year after the date  
15       of the enactment of the Earned Retiree Healthcare  
16       Benefits Protection Act of 2013;

17               “(2) ends before the end of the 2-year period  
18       beginning with such date, or such longer period as  
19       may result from a suspension of such 2-year period  
20       by the Secretary pursuant to section 804(g); and

21               “(3) is of no less than 60 days duration.

22          “(c) APPLICABLE STANDARDS FOR RESTORATION OF  
23       BENEFITS.—

1           “(1) IN GENERAL.—For purposes of this sec-  
2       tion, reduced benefits shall be deemed restored  
3       under this section—

4           “(A) in the case of a participant who re-  
5       tired under the plan before the plan year begin-  
6       ning with or during 1991, if the benefits which  
7       were subjected to reduction are restored to the  
8       level of such benefits which was in effect for the  
9       plan year beginning with or during 1991; and

10           “(B) in the case of a participant who re-  
11       tired under the plan after the plan year begin-  
12       ning with or during 1990 and before the date  
13       of the enactment of the Earned Retiree  
14       Healthcare Benefits Protection Act of 2013, if  
15       the benefits which were subjected to reduction  
16       are restored to the level of such benefits which  
17       was in effect immediately prior to the reduction.

18           “(2) LEVEL OF BENEFITS.—For purposes of  
19       paragraph (1), restoration of benefits to a level re-  
20       quired under paragraph (1) occurs if—

21           “(A) any cancellation, decrease, or limita-  
22       tion with respect to the amount, type, or form  
23       of any benefit or option which resulted in the  
24       reduction in benefits is rescinded or lessened so  
25       as to result in the amount, type, and form of

1       benefits in effect for the plan year beginning  
2       with or during 1991 (in the case of a partici-  
3       pant described in paragraph (1)(A)) or as of  
4       immediately prior to the reduction (in the case  
5       of a participant described in paragraph (1)(B));

6               “(B) any imposition or increase in out-of-  
7       pocket costs that the participant, or his or her  
8       beneficiary, must pay which resulted in the re-  
9       duction in benefits is rescinded or lessened so  
10      as to result in the level of out-of-pocket costs in  
11     effect for the plan year beginning with or dur-  
12     ing 1991 (in the case of a participant described  
13     in paragraph (1)(A)) or as of immediately prior  
14     to the reduction (in the case of a participant  
15     described in paragraph (1)(B)); and

16               “(C) any modification in the manner by  
17       which medical services are delivered under the  
18       plan which resulted in the reduction in benefits  
19       is rescinded or amended so as to result in a  
20       manner by which medical services are delivered  
21       under the plan which is substantially equivalent  
22       to the manner by which medical services are de-  
23       livered in effect for the plan year beginning  
24       with or during 1991 (in the case of a partici-  
25       pant described in paragraph (1)(A)) or as of

1           immediately prior to the reduction (in the case  
2           of a participant described in paragraph (1)(B)).

3         “(d) EXCEPTION FOR CERTAIN PLANS.—In accord-  
4         ance with regulations prescribed by the Secretary, in the  
5         case of any group health plan which has less than 100  
6         participants as of the date of the enactment of the Earned  
7         Retiree Healthcare Benefits Protection Act of 2013, sub-  
8         section (a) shall apply to such plan only if, at any time  
9         during the period described in subsection (b)(2) (including  
10       any extension thereof), such plan has more than 100 par-  
11       ticipants.

12         “(e) NOTICE REQUIREMENTS CONCERNING RES-  
13         TORATION OF BENEFITS.—In accordance with such regu-  
14         lations as may be prescribed by the Secretary, the plan  
15         administrator of each group health plan subject to the re-  
16         quirements of subsection (a) shall, within 30 days prior  
17         to the commencement of the plan’s restoration period, pro-  
18         vide written notice to each retired participant of the plan  
19         who meets the requirements of subsection (a) of the fol-  
20         lowing:

21             “(1) A description of all benefits the retired  
22             participant is entitled to have restored.

23             “(2) The administrative procedure established  
24             under the plan which may be used to submit a claim  
25             for the restoration of any benefits.

1           “(3) An itemization of the value of each benefit  
2       the retired participant is entitled to have restored,  
3       as determined in accordance with the regulations of  
4       the Secretary, and the total value of all such bene-  
5       fits.

6           “(4) A description of any post-retirement in-  
7       creases in retiree health benefits the retired partici-  
8       pant received which the plan sponsor could rescind  
9       if the retired participant asserts a claim for the res-  
10      toration of benefits.

11          “(5) An itemization of the value of each retiree  
12       health benefit that the plan sponsor could rescind,  
13       as determined in accordance with the regulations of  
14       the Secretary, and the total value of all such bene-  
15       fits.

16          “(6) If the plan sponsor has filed an application  
17       for a substantial business hardship exemption under  
18       section 804, the date on which such application was  
19       filed, the date on which notice of such application  
20       was given to retired participants entitled to submit  
21       a claim for the restoration of benefits, and the sta-  
22       tus of such application as of the date of the notice  
23       sent pursuant to this subsection.

1               “(7) Such other information in such form and  
2               detail as may be prescribed by the Secretary to carry  
3               out the purposes of this part.

4               “(f) DEADLINE FOR RESTORATION OF BENEFITS.—  
5     All benefits required to be restored under this section shall  
6     be restored before the end of the 2-year period beginning  
7     with the date of the enactment of the Earned Retiree  
8     Healthcare Benefits Protection Act of 2013, subject to  
9     any suspension of such period under section 804(g).

10   **“SEC. 804. EXEMPTION FROM RESTORATION OF BENEFITS**  
11               **REQUIREMENTS.**

12               “(a) APPLICATION FOR EXEMPTION.—Any plan  
13     sponsor of a group health plan that would sustain substan-  
14     tial business hardship if required to fulfill, in whole or in  
15     part, the restoration of benefits requirements contained in  
16     section 803, may file an application for an exemption with  
17     the Secretary from any or all of such requirements.

18               “(b) AUTHORITY FOR WAIVER OR VARIANCE.—In re-  
19     sponse to an application filed by a plan sponsor pursuant  
20     to subsection (a), the Secretary may waive or vary the re-  
21     quirements of section 803 with respect to any or all of  
22     such requirements, including postponing for reasonable  
23     periods of time the obligation of the plan sponsor to re-  
24     store reduced benefits, if the Secretary finds that compli-

1   ance by the plan sponsor with the requirements of section  
2   803 would—

3                 “(1) be adverse to the interests of plan partici-  
4         pants in the aggregate;

5                 “(2) not be administratively feasible; and

6                 “(3) cause substantial business hardship to the  
7         plan sponsor.

8                 “(c) FACTORS TAKEN INTO ACCOUNT.—For pur-  
9         poses of this section, the factors to be taken into account  
10      in determining substantial business hardship shall include  
11      (but shall not be limited to) whether—

12                 “(1) the plan sponsor is operating at an eco-  
13         nomic loss;

14                 “(2) compliance with the restoration of benefits  
15         requirements would necessitate substantial future re-  
16         ductions in health benefits provided to participants  
17         under the plan or cause a substantial decline in em-  
18         ployment with the plan sponsor; and

19                 “(3) it is reasonable to expect that the plan will  
20         be continued only if a waiver or appropriate variance  
21         is granted.

22                 “(d) REQUIREMENT OF SATISFACTORY EVIDENCE.—

23                 “(1) IN GENERAL.—The Secretary shall, before  
24         granting a waiver or variance under this section, re-  
25         quire each applicant to provide evidence satisfactory

1       to the Secretary that the applicant has provided  
2       timely written notice of the filing of an application  
3       for such waiver or variance to each retired partici-  
4       pant entitled to submit a claim for the restoration  
5       of benefits under the applicant's plan.

6           “(2) TIMELINESS.—For purposes of paragraph  
7       (1), a written notice shall be considered timely if it  
8       is provided not later than 60 days prior to the date  
9       the plan sponsor files an application for a waiver or  
10      variance under this section.

11          “(3) INFORMATION REQUIRED.—The notice re-  
12       ferred to in paragraph (1) shall include information  
13       with respect to the specific relief that will be sought  
14       by the plan sponsor's application, the period of time  
15       for which relief is sought, and such other relevant  
16       information as the Secretary may prescribe.

17          “(e) PARTICIPATION IN PROCEEDINGS BY RETIRED  
18       PLAN PARTICIPANTS.—Each retired participant entitled  
19       to submit a claim for the restoration of benefits within  
20       the meaning of this section shall be provided a reasonable  
21       opportunity to submit comments or otherwise participate  
22       in any proceeding established by the Secretary to deter-  
23       mine whether to grant or deny an application for a waiver  
24       or variance filed by the retired participant's plan sponsor.

1       “(f) EXCEPTIONS FOR CERTAIN APPLICATIONS.—In  
2 any case in which the plan sponsor of the group health  
3 plan also maintains a pension plan which provides pension  
4 benefits with respect to any retired participant entitled to  
5 submit a claim for the restoration of benefits within the  
6 meaning of this section, the Secretary may not grant any  
7 application for a waiver or variance purporting to satisfy  
8 the requirements of subsection (b) if the requirements of  
9 paragraph (1) or (2) of this subsection are met.

10       “(1) FAILURE TO TRANSFER EXCESS PENSION  
11 ASSETS.—The requirements of this paragraph are  
12 met if—

13           “(A) within the 5-year period preceding  
14 the date of the plan sponsor’s application for  
15 the waiver or variance, the plan sponsor could  
16 have transferred excess assets of such pension  
17 plan to a health benefits account in accordance  
18 with section 420 of the Internal Revenue Code  
19 of 1986 (as in effect on the date of the enact-  
20 ment of the Tax Relief Extension Act of 1999)  
21 but did not do so; and

22           “(B) such health benefits account forms a  
23 part of the group health plan with respect to  
24 which the plan sponsor is submitting the appli-  
25 cation.

1           “(2) NO AD HOC COLAS PROVIDED UNDER  
2       WELL-FUNDED PENSION PLAN PROVIDING FOR SUCH  
3       COLAS.—

4           “(A) IN GENERAL.—The requirements of  
5       this paragraph are met if—

6                  “(i)(I) no employer contributions were  
7       made to such pension plan during any of  
8       the 5 plan years preceding the date of the  
9       application for the waiver or variance; and

10                 “(II) despite such lack of employer  
11       contributions, the minimum funding stand-  
12       ard under section 302 of this Act and sec-  
13       tion 412 of the Internal Revenue Code of  
14       1986 was satisfied with respect to such  
15       pension plan for each of such 5 plan years  
16       and the average funded ratio of the plan  
17       for such 5 plan years was greater than 120  
18       percent; and

19                 “(ii)(I) the pension plan provided for  
20       ad hoc cost-of-living adjustments in bene-  
21       fits throughout such 5 plan years; and

22                 “(II) no such ad hoc cost-of-living ad-  
23       justment in benefits was provided under  
24       such pension plan during such 5 plan  
25       years.

1                 “(B) FUNDED RATIO.—For purposes of  
2                 subparagraph (A)(i)(II), the funded ratio of a  
3                 pension plan for a plan year is the ratio, ex-  
4                 pressed as a percentage, of—

5                     “(i) the assets of the plan as of the  
6                 end of such plan year; to

7                     “(ii) the liabilities of the plan as of  
8                 the end of such plan year.

9                 “(g) RUNNING OF 2-YEAR DEADLINE PERIOD SUS-  
10 PENDED.—The submission of an application for a waiver  
11 or variance pursuant to this section during the 2-year pe-  
12 riod referred to in section 803(f) shall suspend the run-  
13 ning of such period. If determined appropriate by the Sec-  
14 retary, the Secretary may direct that the running of such  
15 period be resumed upon the final conclusion of proceedings  
16 to determine whether an application should be granted or  
17 denied.

18     **“SEC. 805. ESTABLISHMENT OF EMERGENCY RETIREE  
19                     HEALTH LOAN GUARANTEE PROGRAM.**

20                 “(a) DEFINITIONS.—For purposes of this section—  
21                     “(1) BOARD.—The term ‘Board’ means the  
22                 Emergency Retiree Health Loan Guarantee Board  
23                 established under subsection (c).

1           “(2) PROGRAM.—The term ‘Program’ means  
2       the Emergency Retiree Health Loan Guarantee Pro-  
3       gram established under subsection (b).

4           “(3) ELIGIBLE PLAN SPONSOR.—The term ‘eli-  
5       gible plan sponsor’ means any plan sponsor as de-  
6       fined in section 3(16)(B) that maintains a group  
7       health plan subject to the retiree health benefits res-  
8       toration requirements of section 803.

9           “(b) ESTABLISHMENT OF EMERGENCY RETIREE  
10      HEALTH LOAN GUARANTEE PROGRAM.—There is estab-  
11      lished the Retiree Health Loan Guarantee Program, to be  
12      administered by the Board, the purpose of which is to pro-  
13      vide loan guarantees to eligible plan sponsors in accord-  
14      ance with this section.

15           “(c) RETIREE HEALTH LOAN GUARANTEE BOARD  
16      MEMBERSHIP.—There is established a Retiree Health  
17      Loan Guarantee Board, which shall be composed of—

18           “(1) the Secretary of Labor, who shall serve as  
19      Chairman of the Board;

20           “(2) the Secretary of Commerce;

21           “(3) the Secretary of the Treasury;

22           “(4) the Secretary of Health and Human Serv-  
23      ices; and

24           “(5) the Chairman of the Council of Economic  
25      Advisers.

1       “(d) RETIREE HEALTH LOAN GUARANTEE PRO-  
2 GRAM.—

3           “(1) AUTHORITY.—The Program may guar-  
4 antee loans provided by private banking and invest-  
5 ment institutions to eligible plan sponsors for pur-  
6 poses of assisting such plan sponsors to meet their  
7 obligations under section 803. Such loan guarantees  
8 shall be provided to the extent provided in advance  
9 in appropriation Acts pursuant to paragraph (4) and  
10 only in accordance with the procedures, rules, and  
11 regulations established by the Board.

12          “(2) TOTAL GUARANTEE LIMIT.—The aggre-  
13 gate amount of loans guaranteed and outstanding at  
14 any time under this section may not exceed  
15 \$5,000,000,000.

16          “(3) INDIVIDUAL GUARANTEE LIMIT.—The ag-  
17 gregate amount of loans guaranteed under this sec-  
18 tion with respect to a single eligible plan sponsor  
19 may not exceed \$5,000,000.

20          “(4) ADDITIONAL COSTS.—For the additional  
21 cost of loans guaranteed under this subsection, in-  
22 cluding the costs of modifying the loans, as defined  
23 in section 502 of the Congressional Budget Act of  
24 1974 (2 U.S.C. 661a), there is authorized to be ap-

1           appropriated \$200,000,000, to remain available until  
2           expended.

3           “(e) REQUIREMENTS FOR LOAN GUARANTEES.—A  
4           loan guarantee may be issued under this section upon ap-  
5           plication to the Board by an eligible plan sponsor pursuant  
6           to an agreement to provide a loan to that eligible plan  
7           sponsor by a private bank or investment company, if the  
8           Board determines that—

9                 “(1) credit is not otherwise available to that eli-  
10              gible plan sponsor under reasonable terms and con-  
11              ditions sufficient to meet its financing needs with re-  
12              spect to the restoration of retiree health benefits, as  
13              reflected in the financial and business plans of that  
14              eligible plan sponsor;

15                 “(2) the prospective earning power of that eligi-  
16              ble plan sponsor, together with the character and  
17              value of the security pledged, furnish reasonable as-  
18              surance of repayment of the loan to be guaranteed  
19              in accordance with its terms;

20                 “(3) the loan to be guaranteed bears interest at  
21              a rate determined by the Board to be reasonable,  
22              taking into account the current average yield on out-  
23              standing obligations of the United States with re-  
24              maining periods of maturity comparable to the ma-  
25              turity of such loan;

1           “(4) the loan to be guaranteed will materially  
2 assist that eligible plan sponsor to discharge its obli-  
3 gation to comply with the restoration of benefits re-  
4 quirements contained in section 803; and

5           “(5) the eligible plan sponsor has agreed to an  
6 audit by the Government Accountability Office prior  
7 to the issuance of the loan guarantee and annually  
8 while any such guaranteed loan is outstanding.

9           “(f) TERMS AND CONDITIONS OF LOAN GUAR-  
10 ANTEE.—

11          “(1) LOAN DURATION.—All loans guaranteed  
12 under this section shall be payable in full not later  
13 than December 31, 2021, and the terms and condi-  
14 tions of each such loan shall provide that the loan  
15 may not be amended or any provision thereof waived  
16 without the consent of the Board.

17          “(2) LOAN SECURITY.—Any commitment to  
18 issue a loan guarantee under this section shall con-  
19 tain such affirmative and negative covenants and  
20 other protective provisions that the Board deter-  
21 mines are appropriate.

22          “(3) FEES.—An eligible plan sponsor receiving  
23 a guarantee under this section shall pay a fee in an  
24 amount equal to 0.5 percent of the outstanding prin-

1       ciproal balance of the guaranteed loan to the Depart-  
2       ment of the Treasury.

3       “(g) REPORTS TO CONGRESS.—The Secretary of  
4       Labor shall submit annually to each House of the Con-  
5       gress a full report of the activities of the Board under  
6       this section during 2014 and 2015, and annually there-  
7       after during such period as any loan guaranteed under  
8       this section is outstanding. Such report shall be submitted  
9       not later than January 31 of each year (beginning in  
10      2014).

11       “(h) SALARIES AND ADMINISTRATIVE EXPENSES.—  
12      For necessary expenses to administer the Program, there  
13      is authorized to be appropriated to the Department of  
14      Labor (and to be transferred to the Office of the Assistant  
15      Secretary for Pension and Welfare Benefits Administra-  
16      tion) \$10,000,000, to remain available until expended.

17       “(i) TERMINATION OF GUARANTEE AUTHORITY.—  
18      The authority of the Board to make commitments to guar-  
19      antee any loan under this section shall terminate on De-  
20      cember 31, 2019.

21       “(j) REGULATORY ACTION.—The Board shall issue  
22      such final procedures, rules, and regulations as may be  
23      necessary to carry out this section not later than 90 days  
24      after the date of enactment of the Earned Retiree  
25      Healthcare Benefits Protection Act of 2013. In no event

1 shall the Board issue a procedure, rule, or regulation  
2 which authorizes it to approve or deny any application for  
3 a loan guarantee in more than 270 days after receipt of  
4 such application.

5 **“SEC. 806. EFFECT ON OTHER CLAIMS.**

6       “(a) OTHER CLAIMS UNAFFECTED.—Nothing in this  
7 part shall be construed to alter, impair, or eliminate any  
8 claim for retiree health benefits based on conduct alleged  
9 to violate the terms of a group health plan, any provision  
10 of this Act (other than this part), or both, regardless of  
11 whether such conduct occurred prior to, on, or after the  
12 date of the enactment of the Earned Retiree Healthcare  
13 Benefits Protection Act of 2013.

14       “(b) OTHER CAUSES OF ACTION NOT AUTHORIZED.—Nothing contained in this part shall be construed  
15 to authorize any action for recovery of retiree health bene-  
16 fits unless the conduct giving rise to the claim for recovery  
17 is alleged to violate the provisions of this part.

19 **“SEC. 807. REGULATIONS.**

20       “The Secretary may promulgate such regulations as  
21 may be necessary to carry out the provisions of this part.  
22 The Secretary may promulgate any interim final rules as  
23 the Secretary deems are appropriate to carry out this  
24 part.”.

1       (b) CIVIL PENALTY.—Section 502(c) of the Em-  
2 ployee Retirement Income Security Act of 1974 (29  
3 U.S.C. 1132(c)) is amended—

4                 (1) by redesignating the second paragraph (10)  
5                 (relating to consultation between the Secretary of  
6                 Labor and the Secretary of Health and Human  
7                 Services) as paragraph (12); and

8                 (2) by inserting after the first paragraph (10)  
9                 the following new paragraph:

10                 “(11) The Secretary may assess any person a civil  
11                 penalty of not more than \$20,000 with respect to each  
12                 failure by such person to meet the requirements of section  
13                 801, 802, or 803 with respect to each participant or bene-  
14                 ficiary aggrieved by such failure.”.

15       (c) CONFORMING AMENDMENT.—The table of con-  
16 tents in section 1 of such Act is amended by inserting  
17 after the item relating to section 734 the following new  
18 items:

“PART 8—EMERGENCY RETIREE HEALTH BENEFIT PROTECTIONS

“Sec. 801. Prohibition against post-retirement reductions of retiree health ben-  
efits by group health plans.

“Sec. 802. Adoption by group health plans of provision barring post-retirement  
reductions in retiree health benefits.

“Sec. 803. Restoration by group health plans of benefits reduced after retire-  
ment.

“Sec. 804. Exemption from restoration of benefits requirements.

“Sec. 805. Establishment of emergency retiree health loan guarantee program.

“Sec. 806. Effect on other claims.

“Sec. 807. Regulations.”.

**1 SEC. 4. EFFECTIVE DATE.**

2       The amendments made by this Act shall take effect  
3 on the date of the enactment of this Act, except that sec-  
4 tion 802 of the Employee Retirement Income Security Act  
5 of 1974 (as added by section 3 of this Act) shall apply  
6 with respect to plan years beginning after 180 days after  
7 the date of the enactment of this Act. Compliance with  
8 the requirements of part 8 of subtitle B of title I of the  
9 Employee Retirement Income Security Act of 1974 with  
10 respect to a group health plan shall not be treated as a  
11 failure to comply with the terms of such plan.

